

# THE GREEN REPORT

## Paul's Perspective

by Paul Green, CFP®, CIM®

### Positive returns in a difficult year...

I am excited to report your portfolios grew in 2015 despite the broad stock markets declining and the bond markets returning 2%. Here in Canada the TSX dropped 9% and the S&P 500 in the US was up 1%. The Canadian bond index was up 2%. The big story in 2015 was the continued rise of the US dollar. Last year at this time we were happy to see it breakout from \$1.13 and finish 2014 at \$1.17. It closed out 2015 at \$1.38, up 18% for the year! As you know, we have been enjoying this pro US theme since 2012 and our portfolios reflect it. During a year of negative returns, most of our balanced portfolios grew approximately 8%, well above the investment managers on Bay and Wall Street. On average, most managers handed in negative performance with some of the biggest and most respected managers losing double digits. Warren Buffet, David Einhorn, Carlos Slim and Bill Ackman were a few of the big names on this dubious list.

### What is in store for 2016?

After three straight years of equities being favoured over all other asset classes, we have seen a drop in strength since August. This means the flow of funds are more balanced and the big players have become more conservative with their investment decisions. With this neutral equity position, you will notice that your portfolio has become more conservative as we wait for a more clear direction from our technical indicators. If you listen to the investment pundits, they are saying similar things about stocks and bonds, thinking the returns will be positive but muted. They cite a slow growth economy with reasonable stock valuations and a strong US dollar being the key issues in the United States. Continued concerns about the Chinese economy remains a problem as well. And of course the Federal Reserve has now increased interest rates and has signaled more increases to come this year. Putting this all together, it is very conceivable we could be in for a difficult year.

## Discretionary Portfolio Managers...

2016 becomes the first calendar year for our firm to be Portfolio Managers and truly take over investment duties for your portfolios, as our new name reflects. Becoming discretionary managers elevates our services to you and allows us to be more active when needed and in many cases reduces fees to our clients. With that said, you will see differences to your portfolios and quarterly reports, all with a view to improvement.

## Realistic expectations...

Much like last year, I believe we will see below average returns from stocks and bonds. Please remember we have had good results over the past 7 years without a major decline in stock prices. I am not saying we will see a major decline this year, but it would not surprise me to see quite a bit of volatility with swings of at least 10% in stock prices. With interest rates and inflation low, portfolio returns above 4% in 2016 would be a bonus. Of course, we will work hard to achieve better results but having realistic expectations makes for a good investor. We thank you for your continued loyalty and look forward to serving you this year. Wishing you all the very best for 2016!



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## SERVICE MATTERS

### It's all New!

Along with our name change to Green Private Wealth Counsel we have updated our email & website address. You can now find us at [www.greenprivatewealth.com](http://www.greenprivatewealth.com). When emailing anyone on the team please replace @greenfinancialgroup.com with @greenprivatewealth.com

### Tax Slips

'Tis the season for tax slips and year end statements. You will soon start to receive this important information in the mail. Please make sure you have a special folder or designated location to store all of this paperwork as you will need it in order to file your income tax return for 2015. Please note that some T slips are not sent out until the end of March so you may not be able to file your return before this date.

### Time to Top Up

Monday February 29, 2016 is the deadline to contribute to your RRSP for the 2015 tax year but don't wait till then! Contact your advisor if you are unsure about your contribution amount or want to discuss tax benefits.



## Welcome to the Team

You may have noticed a new face recently at Green Private Wealth. Tyler Latour is a welcome addition to the Administrative team. He is a graduate of the Financial Planning program at Conestoga College and has been employed in the financial industry for the past 2 years. He is currently working towards his CERTIFIED FINANCIAL PLANNER, CFP® designation.



### CHEF'S CORNER with Chef Rob Bartley

## Grilled Halloumi Cheese with Mediterranean Inspired Salad

#### INGREDIENTS:

6 oz Cyprus Halloumi cheese (available in most cheese stores)  
1 oz Extra Virgin olive oil  
½ bulb of fennel, thinly sliced  
1 tsp finely chopped fennel fronds (tops of the fennel)  
2 blood oranges, rind removed, cut into wheels, reserve any juice that is produced in this process  
3 good handfuls of arugula  
¼ cup good quality black olives (Italian Liguria are great), pitted and quartered, can be replaced with Kalamata  
Salt and fresh cracked black pepper  
1 oz Extra Virgin olive oil  
Squeeze of lemon juice

#### METHOD:

Cut Halloumi cheese into a ½ inch slabs and pat dry. Heat a BBQ or a grill pan to very hot. Lightly rub both sides of the cheese with olive oil.

Meanwhile toss the thinly sliced fennel with the 1 oz olive oil, lemon juice, reserve blood orange juice and fennel fronds. Season with salt and black pepper.

Toss the marinated fennel with the arugula and pitted olives, taste for seasoning and adjust according to your taste with more salt and pepper, and portion into 4 salad bowls.

Grill the Halloumi Cheese on the BBQ or grill pan for 45 seconds to one minute per side. The cheese will soften slightly but won't melt. Remove from grill with spatula and arrange slabs on top of salad.



## Joint Portfolio Managers

Future statements will show both Paul Green and David Harris as the Portfolio Managers of your accounts. This is mainly for administrative purposes as you will continue to deal with your personal advisor.

## Online Access

Over the next few months you may notice some changes when you login to WealthTracker. Scotiabank hosts this site and they are preparing to migrate your investment account information from WealthTracker to Scotia Online in 2016. Scotia Online will provide the same account information along with some improvements in display and functionality and security. For those clients who already have access to Scotia Online through their banking relationship, your accounts at HollisWealth will be viewable when you login. We will keep you updated on the process as it moves along.



*share the green*

## BRAIN Teasers

Don't let this time of year get you down! Open the curtains and let the sun in. Go for a walk and get some fresh air. Make time to visit family and friends (especially those that can't get out). Keep your mind active and engaged.

Here are a few, quick brain teasers to exercise your attention and your working memory—the ability to keep information in your mind while working on integrating & processing it. Give them a try...they are not as easy as they seem.

- Say the days of the week backwards, then in alphabetical order.
- Speak other languages? Try doing the same in Spanish, French, German...
- Say the months of the year in alphabetical order.
- Easy? Well, why don't you try doing so backwards, or in reverse alphabetical order.
- Find the sum of your date of birth, mm/dd/yyyy.
- Want a tougher mind teaser? Do the same with your spouse's or best friend's date of birth
- Name two objects for every letter in your first name and last name. Work up to five objects, trying to use different items each time.
- Look around wherever you are and, within two minutes, try to find 5 red things that will fit in your pockets, and 5 blue objects that are too big to fit.

On behalf of our clients, Green Private Wealth Counsel was thrilled to finish off the year with a \$2,500 donation, distributed to 3 local charities.

Operation Sharing, The Salvation Army and the United Way of Oxford each received a portion of the donation on Friday December 18th, 2015. The donation was made through Green Private Wealth Counsel's Share the Green program which sees \$10,000 donated annually to charitable causes on behalf of our clients.

Our clients had direct input into the donation through an e-mail survey to

determine their charity of choice. The response was overwhelming as clients were eager to provide recommendations and support.

Giving back to the community is part of the fabric of the firm as each of the firm's 8 employees contributes time to various charitable causes throughout the year. They are excited to see this money go to three organizations that play an important role in supporting those in need, particularly at this time of year.

We thank-you for your support and for helping us care for our community.



# New Numbers for a New Year

DAVE'S INSIGHTS by David Harris, CFP®, CIM®

Our new federal government has already followed through on a number of campaign promises that affect changes for the upcoming year. We have summarized some of those changes along with some items in the 2015 budget that are worth reviewing.

## **TFSA limit lowered for 2016:**

The limit was lowered to \$5,500 for 2016 but you can still carry forward unused contribution room from previous years including the \$10,000 limit for 2015.

## **The RRIF minimum withdrawal has been lowered by about 2% for most ages:**

While it may make sense to keep the withdrawals as small as possible you may just be creating a higher estate tax bill. We can help you determine the best rate of withdrawal under the new rules

## **Federal Tax brackets have changed:**

For the 2016 and subsequent tax years, the federal personal income tax rate on taxable income of \$45,282 to \$90,563 (the second income tax bracket) will be reduced by 1.5% to 20.5%. This will put an additional \$1,200 in the pocket of someone earning \$80,000 in 2016. A new Federal Tax rate will be applied to Individuals with taxable income over \$200,000. They will be subject to a tax rate of 33%. This income tax threshold amount will be indexed annually for years after 2016.

## **\*\*Planning Idea**

Those in the middle income bracket could benefit by making RRSP contributions before February 29th and applying this against the higher taxed income from 2015.

## **Income tax planning by the numbers**

**\$100,000** – the cost base of US property (in Canadian dollars) required before you need to file a T1135 form with your taxes. This includes US Stocks and ETFs in non-registered accounts.

**\$25,370** or 18% of your earned income minus any pension adjustment – Maximum RRSP contribution for 2016. The 2015 limit is \$24,930.

**\$72,809** – income threshold for 2015 at which retirees will see their Old Age Security benefits begin to be clawed back. We can help with income planning to minimize the impact of this clawback.

**\$5,500** - TFSA annual contribution limit for 2016. Lifetime contribution limit is \$46,500 this year (for those aged 18 or older as of 2009). The TFSA is a great tool for retirement savings, estate planning and tax reduction.

**\$2,500** – the maximum annual contribution to a Registered Education Savings Plan (RESP) that will attract the 20% grant (CESG). Additional contributions of up to \$2,500 will attract previously unclaimed grant.

**\$1,092.50** – Maximum monthly Canada Pension Plan (CPP) benefit for retirees at age 65. The early pension reduction is now 0.6% per month. This means that a 60 year old taking CPP benefits in 2016 will receive 36% less pension than they would at age 65. Delaying your pension past age 65 results in an increased benefit by 0.7% per month.

**\$570.52** – Basic Old Age Security (OAS) benefit for January to March 2016. This benefit is adjusted quarterly.

Source:CRA

CHARTING YOUR COURSE TO FINANCIAL INDEPENDENCE



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